

Kentucky Agricultural Finance Corporation

Minutes of the January 10, 2014 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, January 10, 2014 at 10:00 a.m. EST at Transportation Cabinet Office Building, 200 Mero, Frankfort, KY. Commissioner James Comer, presiding, called the meeting to order.

Notification of Press

Commissioner Comer received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Commissioner Comer, Westy Adams, George Begley, Kenny Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch, Tom Midkiff (designee for Secretary Flanery), Joel Oney, Linda Rumpke

Members Absent

Frank Penn

Staff – Biff Baker, Sandra Gardner, Bill Hearn, Brian Murphy, Bill McCloskey, Joel Neaveill, Kylee Palmer

Guests – Steve Kelly, Kentucky Department of Agriculture (KDA); Steve Starkweather, Office of Financial Management (OFM)

Review and Approval of Minute

Wayne Hunt moved to approve the minutes of the October 29, 2013 meeting of the KAFC Board of Directors; Larry Jagers seconded the motion. *The motion passed without dissent.*

Reports

Executive Director's Report

Commissioner Comer called on Joel Neaveill to give the Executive Director's Report. Mr. Neaveill welcomed Linda Rumpke to the KAFC Board of Directors.

Mr. Neaveill reported to the board regarding the various meetings/events held and attended since the last board meeting.

Director of Financial Services Report

Commissioner Comer called on Bill McCloskey to give the Director of Financial Services Report.

KAFC Statement of Financial Position	
(as of 12/31/2013)	
Assets	
Cash KAFC Accounts	\$ 8,910,362
Loan Payments Due KAFC	
Category A	\$ 33,539,944
Category B	\$ 187,500
Category C	\$ -
	\$ 33,727,444
Total Assets	\$ 42,637,806
Liabilities	
KAFC loans approved not closed	\$ 4,870,334
Loans Outstanding	\$ 33,727,444
Total Liabilities	\$ 38,597,778
Unobligated Assets*	\$ 4,040,028
Total Liabilities & Unobligated Assets	\$ 42,637,806

Kenny Burdine moved to approve the financial report; Westy Adams seconded the motion. *The motion passed without dissent.*

Mr. McCloskey gave the Board a 5-year cash flow for help in projecting future cash flows.

Mr. McCloskey called on Doug Lawson for the report from the Loan Review Committee (LRC). Mr. Lawson reported that the LRC recommends making an exception to Loan AF13-0062 for Philip Atherton, per the request of the lender.

Mr. Lawson further reported that the LRC discussed a request to modify KAFC applications and/or guidelines. The LRC recommended a statement and/or calculation of the overall cost of the loan to include loan fees should be required with all applications. The KAFC staff was asked to modify the application and provide a copy to the Board.

New Business

The following applications were received between October 12, 2013 and December 20, 2013.

Agricultural Infrastructure Loan Program - Discussion and Action

AF13-0065

Hayden, Shaun – Applicant requested \$35,000 for the clean-up of a washout, construction of waterways and a water retention structure in Carlisle County. First Community Bank of Western Kentucky in Clinton is the participating lender. This loan was approved by staff (10/31/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF13-0072 **Horn, Timothy / Horn Family Farms** – Applicant requested \$57,000 to upgrade a grain complex in Daviess County. Independence Bank in Owensboro is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0072, based on staff's recommendation, pending fund availability;** Joel Oney seconded the motion. *The motion passed without dissent.*

AF13-0075 **Hicks, Jason** – pending.

AF13-0077 **Dame, Charles "Kevin"** – pending.

AF13-0078 **Slabaugh, Noah and Renita** – Applicants requested \$31,000 for the upgrade of two Tyson layer barns in Graves County. First Community Bank of Western Kentucky in Fancy Farm is the participating lender. This loan was approved by staff (01/02/2014) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

Beginning Farmer Loan Program - Discussion and Action

AF13-0063 **Puckett, Logan "Kyle"** – withdrawn.

AF13-0064 **Gatton, Charles "Brent"** – Applicant requested \$150,000 for the purchase of a 2013 John Deere Row Crop Tractor in McLean County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Mr. Jagers moved to approve AF13-0064, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

Commissioner Comer relinquished the chair to Steve Kelly.

AF13-0066 **John Bickett, Brent Bickett / Bickett Brothers Poultry** – Applicants requested \$250,000 for the construction of three FarBest turkey houses in McLean County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Mr. Hunt moved to approve AF13-0066, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

AF13-0067 **Stumpf, Kurt** – Applicant requested \$6,000 for the purchase of a 2004 Massey Ferguson tractor in Daviess County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0067, based on staff's recommendation, pending fund availability;** Mr. Oney seconded the motion. *The motion passed without dissent.*

AF13-0068 **Miller, Bradley** – Applicant requested \$52,000 for the purchase of a 1996 John Deere Combine, a 925 Combine Platform and a 693 Corn Header in Muhlenberg County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Frank McAninch moved to approve AF13-0068, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

AF13-0069 Kirkland, Joshua – Applicant requested \$180,000 for the purchase of a 2010 Case IH335 tractor in McLean County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Mr. Oney moved to approve AF13-0069, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.* Mr. Hunt abstained.

AF13-0070 Willett, James "Travis" and Christina M. – Applicants requested \$236,000 for the purchase of 122 acres in Graves County. River Valley AgCredit is in Mayfield the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0070, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.*

AF13-0071 McDanel, Billy and Crystal – Applicants requested \$206,000 for the purchase of 7.3 acres with four Pilgrim's Pride broiler houses in Ballard County. River Valley AgCredit in Bardwell is the participating lender. Staff recommended loan approval contingent on FSA guarantee approved and obligated. **Mr. Lawson moved to approve AF13-0071, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

AF13-0073 Puckett, Logan "Kyle" – Applicant requested \$250,000 for the construction of four Tyson pullet houses in McLean County. US Bank in Bowling Green is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 80% and the parents co-signing. **Ms. Rumpke moved to approve AF13-0073, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

AF13-0074 Hayden, Joseph – Applicant requested \$250,000 for the purchase of 149 acres with eight poultry houses in McLean County. Farm Credit Mid-America in Owensboro is the participating lender. Staff recommended loan approval. **Mr. McAninch moved to approve AF13-0074, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

AF13-0076 Stockton, Brian – Applicant requested \$250,000 for the construction of four poultry houses, a shop and a litter shed in Clinton County. Farm Credit Mid-America in Somerset is the participating lender. Staff recommended loan approval contingent on 90% loan-to-value and FSA guarantee approved and obligated. **Mr. Adams moved to approve AF13-0076, based on staff's recommendation, pending fund availability;** Dr. Burdine seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

Old Business

Beginning Farmer Loan Program - Discussion and Action

AF13-0062 Atherton, Phillip "Chad" and Debra – Applicants requested \$250,000 for the purchase of 215.25 acres in McLean County. First Security Bank in Livermore is the participating lender. The Loan Review Committee recommended loan approval. **Ms. Rumpke moved to approve AF13-0062, based on the Loan Review Committee's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

Extensions – No Action Necessary

AF12-0033 Dowell, Danny
AF13-0011 Tackett, Amos
AF13-0004 Riley, Colby

Paid in Full – No Action Necessary

AF06-0011 Key, Nelson
AF07-0078 Murdock, Trent
AF07-0109 Moss, James
AF08-0058 James, Terry L.
AF08-0096 Lancaster, Gary

Closing Remarks

The next meeting of the KAFC Board will be Friday, February 7, 2014 at 10:00 a.m. EST, Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EST.

Mr. Oney moved to adjourn; Ms. Rumpke seconded the motion. *The motion passed without dissent.* The meeting adjourned at **11:23 a.m. CST.**

APPROVED: 3-7-2014

PRESIDING OFFICER: James Comer
James Comer

SECRETARY: Cyndi Hall
Cyndi Hall